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Case Closed JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

RUYAN INVESTMENT
HOLDINGS LIMITED,

Plaintiff,

v.

SOTTERA, INC., *et al.*,

Defendants.

Case CV 12-5454-ODW (FFMx)
and related consolidated case:
CV 12-5477

ASSIGNED TO:

**CONSENT JUDGMENT AND
PERMANENT INJUNCTION**

1 Fontem Holdings 1 B.V. (“Fontem Holdings”) and Fontem Ventures B.V.
2 (Fontem Ventures”) (collectively, the “Fontem entities”), and Defendant, Nicotek
3 LLC (collectively, the “Parties”), having considered the facts and applicable law, and
4 having agreed to the entry of this Stipulated Consent Judgment and Permanent
5 Injunction, it is found, adjudged, and decreed as follows:

6 **FINDINGS OF FACTS**

7 1. On June 22, 2012, the original plaintiff, Ruyan Investment Holdings
8 Limited (“Ruyan”), filed this action, alleging that Defendant Nicotek LLC (k/n/a
9 D&T Holdings III, LLC) (collectively, “Nicotek”) makes, uses, imports, offers to
10 sell, and sells electronic cigarettes products that infringe U.S. Patent No. 8,156,944,
11 and seeking a permanent injunction. *See* [Dkt. 1, CV 12-05477]. The accused
12 products identified in the complaint are: “(1) the METRO Rechargeable Cigarette,
13 alone and as found in the METRO Electronic Cigarette Platinum Kits and the
14 METRO Electronic Cigarette Standard Starter Kits; and (2) the METRO Disposable
15 Electronic Cigarette,” (collectively, “Accused Products”). [*Id.*, ¶ 9.]

16 2. On August 17, 2012, Nicotek answered the complaint and filed
17 declaratory judgment counterclaims for non-infringement and invalidity. *See* [Dkt.
18 12, CV 12-5477].

19 3. On December 19, 2012, the Court consolidated this action for discovery
20 purposes with other cases filed by Ruyan asserting infringement of the ’944 patent.
21 *See* [Dkt 17, CV 12-5477].

22 4. After December 19, 2012, all case filings and Court orders were entered
23 on the docket in the lead matter: *Ruyan Investment Holdings Limited v. Sottera, Inc.*,
24 Case No. 12-cv-05454-GAF-FFM (C.D. Cal.).

25 5. On February 25, 2013, the Court administratively stayed this action
26 pending reexamination of the ’944 patent by the United States Patent and Trademark
27 Office (“PTO”). *See* [Dkt. 46]. During the pendency of the stay:
28

1 (i) Ruyan assigned all right, title, and interest in and to the '944 patent to
2 Fontem Holdings (including all causes of action and enforcement
3 rights and the right to be substituted into this action). See [Dkt. 63], [63-
4 1, Exs. A and D];

5 (ii) Fontem Holdings granted to Fontem Ventures an exclusive license to
6 the '944 patent, including the right to sue for past, present and future
7 infringement; and

8 (iii) Nicotek sold all its assets, stopped selling the Accused Products, and
9 stopped conducting business in the electronic cigarette industry.

10 6. The Patent Trial and Appeals Board ("PTAB") stayed the '944 patent
11 reexamination, *sua sponte*, in lieu of a separate *inter partes* review ("IPR") instituted
12 against the '944 Patent.

13 7. Upon conclusion of the IPR, the PTAB determined that certain claims
14 of the '944 Patent were unpatentable. *See* [Dkt. 78].

15 8. On January 23, 2019, the PTO concluded the reexamination of the '944
16 patent, confirming the patentability of other claims.

17 9. The Fontem entities are the real parties in interest based on the
18 assignment from Ruyan, and they have reached an agreement with Nicotek to resolve
19 the disputed issues with respect to the remaining claims following reexamination.¹

20 10. The Fontem entities and Nicotek, therefore, desire to terminate this
21 litigation through this Stipulated Consent Judgment and Permanent Injunction.

22 **STIPULATIONS**

23 9. Nicotek stipulates that, following IPR and reexamination, the Accused
24 Products infringe the '944 patent and that the claims of '944 patent are valid and
25 enforceable to the extent found valid and enforceable by the PTO.

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28 ¹ The Fontem entities simultaneously filed a Motion to Substitute Under Federal
Rule of Civil Procedure 25(c).

1 10. Nicotek agrees not to initiate or participate in any action or proceeding
2 to challenge the validity, patentability or enforceability of the '944 patent, including,
3 but not limited to, any reexamination, interference or derivation proceeding, *inter*
4 *partes* review, post-grant review, opposition, declaratory judgment action or
5 invalidation proceeding.

6 11. Nicotek stipulates to entry of a permanent injunction covering the
7 Accused Products and/or electronic cigarette products that are essentially the same
8 as the Accused Products, as described below.

9 12. The Fontem entities agree that Nicotek is not liable for payment of any
10 damages of any kind relating to this action and/or infringement of the '944 Patent by
11 the Accused Products prior to the date of this order.

12 **ORDER**

13 **IT IS FOUND, ORDERED, ADJUDGED, AND DECREED THAT:**

14 13. Judgment is hereby entered in favor of the Fontem entities, and against
15 Nicotek, finding infringement by Nicotek of the '944 patent.

16 14. Judgment is hereby entered in favor of the Fontem entities, and against
17 Nicotek, dismissing Nicotek's counterclaims for non-infringement and invalidity
18 with prejudice.

19 15. Each Party shall bear its costs and attorneys' fees relating to this action,
20 and neither Party shall be liable to the other for any damages of any kind in relation
21 to this action prior to the date of this order.

22 16. This Stipulated Consent Judgment and Permanent Injunction is a final
23 adjudication on the merits. It shall finally conclude and dispose of this litigation as
24 to the Fontem entities and Nicotek. This Stipulated Consent Judgment and
25 Permanent Injunction shall be entitled to issue and claim preclusion effect against the
26 Fontem entities and Nicotek and their successors and assigns in any future litigation
27 related to the '944 patent.
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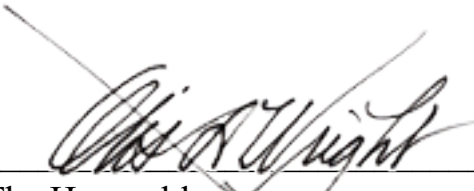
1 17. Nicotek and its owners, agents, assigns and successors, and all persons
2 in active concert or participation with Nicotek, shall be and are hereby permanently
3 enjoined and restrained from making, having made, using, importing, offering for
4 sale, or selling the Accused Products and/or electronic cigarette products that are
5 essentially the same as the Accused Products.

6 18. The terms of this Stipulated Consent Decree and Final Judgement shall
7 apply until the later of (1) the expiration of the '944 patent, or (2) the date on which
8 every claim of the '944 patent is declared invalid and/or unenforceable by a decision
9 of a court or other government agency of competent jurisdiction from which no
10 appeal can or has been taken.

11 19. This Court retains jurisdiction over this Stipulated Consent Judgment
12 and Permanent Injunction and any applications to enforce this Stipulated Consent
13 Judgment and Permanent Injunction shall be directed to this Court.

14 20. If Nicotek violates any terms of this Stipulated Consent Judgment and
15 Permanent Injunction and fails to cure such violation within thirty (30) days after
16 receipt of notice of the violation, Nicotek shall be liable for and pay the reasonable
17 attorneys' fees incurred in connection with any successful application to this Court
18 for enforcement of this Stipulated Consent Judgment and Permanent Injunction.

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21 DATED: January 8, 2020

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23 _____
24 The Honorable
25 United States District Court
26 Central District of California
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